

SENATE BILL NO. 106

INTRODUCED BY J. BRUEGGEMAN

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION AND THE OFFICE OF BUDGET AND
PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND SIMPLIFYING THE STATEWIDE
COST ALLOCATION PLAN FOR STATE CENTRALIZED SERVICES REQUIRED TO MANAGE NONGENERAL
FUNDS; AMENDING SECTIONS 17-3-110 AND 17-3-111, MCA; REPEALING SECTION 17-1-510, MCA; AND
PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used in this chapter, the following definitions apply:

(1) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges,
and any other administrative units of state government.

(2) "Indirect costs" means costs for services that benefit more than one agency or program and that are
not readily assignable to the agency or program specifically benefiting.

Section 2. Section 17-3-110, MCA, is amended to read:

"17-3-110. Statewide cost allocation plan. (1) The director of the department of administration shall
annually prepare a statewide cost allocation plan distributing service agency indirect costs among the grantee
agencies, in accordance with principles and procedures established by ~~federal~~ applicable regulations and
guidelines.

(2) An agency required to pay costs under the statewide cost allocation plan shall make payments in
four equal installments, due no later than October 1, January 1, March 1, and June 1 of each fiscal year, by
depositing the payments into the general fund."

Section 3. Section 17-3-111, MCA, is amended to read:

"17-3-111. ~~Indirect cost rates -- allocation~~ Agency recovery of indirect costs. (1) Grantee agencies
An agency receiving nongeneral funds shall, in accordance with ~~federal~~ all applicable regulations, ~~and~~

1 guidelines, ~~and with private or grant rules governing those funds, as appropriate,~~ negotiate indirect cost
2 reimbursement amounts and methodologies ~~and so that the agency may~~ recover indirect costs ~~of federal~~
3 ~~assistance programs and private assistance programs.~~

4 (2) An agency, except for a unit of the university system, that applies for or otherwise receives funds
5 through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall
6 notify and must receive written approval from its approving authority prior to accepting the funds.

7 (3) An agency, except for a unit of the university system, may not, as part of the grant or contract
8 proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are
9 otherwise allowable costs under the program, except for intraagency or interagency grants or contracts. For
10 grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect
11 cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the
12 general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of
13 administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for
14 which there is no limit on indirect costs or administrative costs, indirect and administrative costs must be claimed
15 first and direct program costs must be claimed last.

16 (4) Each agency receiving federal funds and not directly charging a grant or program for the recovery
17 of indirect costs shall submit an indirect cost proposal to the appropriate federal agency. The department shall
18 provide technical assistance to an agency on how to build an indirect costs into a grant cost proposal.

19 (5) ~~Indirect~~ Except as provided for a unit of the university system under 20-25-427, indirect costs
20 recovered from federal sources pursuant to the statewide cost allocation plan provided in 17-3-110, except those
21 costs recovered by a unit of the university system, by an agency to pay the agency's indirect costs under
22 17-3-110 must be deposited in the general fund as provided in 17-3-110. All other indirect costs, ~~except those~~
23 ~~costs recovered by a unit of the university system,~~ must be deposited in the fund from which the indirect costs
24 were originally paid."

25
26 **NEW SECTION. Section 4. Repealer.** Section 17-1-510, MCA, is repealed.

27
28 **NEW SECTION. Section 5. Directions to code commissioner.** Sections 17-3-110 and 17-3-111 are
29 intended to be renumbered and codified as an integral part of Title 17, chapter 1, part 1, and the provisions of
30 Title 17, chapter 1, part 1, apply to 17-3-110 and 17-3-111.

1
2 NEW SECTION. **Section 6. Codification instruction.** [Section 1] is intended to be codified as an
3 integral part of Title 17, chapter 1, part 1, and the provisions of Title 17, chapter 1, part 1, apply to [section 1].

4

5 NEW SECTION. **Section 7. Effective date.** [This act] is effective July 1, 2005.

- END -